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## Section: Peter Callaghan

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### State lawmakers are seeing stars, ignoring data

**PETER CALLAGHAN; THE NEWS TRIBUNE**

Want to make state lawmakers giddy? Let them pretend they are part of pro sports or the movie industry.

We already know how quickly they get behind tax subsidies for for-profit sports franchises – the Sonics and NASCAR notwithstanding.

Earlier this week they had a chance to line the red carpet and act like executive producers of a box office smash. They heard testimony on a bill to expand the tax subsidy for those who make movies, TV shows and even commercials in Washington state.

The prime sponsors of the House and Senate bills are also the chairwomen of the committees hearing the bills that would increase the state subsidy of film production costs from 20 percent to 30 percent.

I break with the common nomenclature when I say state subsidy. The way this program is set up, the funding appears to come from business donations to a nonprofit organization. However, contributions are 100 percent deductible from the donor business's state taxes.

So, in fact, all \$3.5 million a year in subsidies come from taxpayers. Yet the money is spent by a private board made up exclusively of those who benefit – actors, stage hands and businesses that cater to film production.

And why must it be increased? Because Oregon increased its subsidy. In fact 39 states have some sort of “incentive” to persuade film producers to use their state and their workers.

Which is the problem. All of these states want their subsidy to be more lucrative than the others. But there isn't enough film production to go around. Once one state gets more generous, the others must follow suit.

But this is less about this race to the bottom on tax gifts to business under the guise of economic development. This is really about the dangerous tendency of state politicians to legislate on anecdote rather than data.

Independent studies of everything from convention center economics to cell phone use in cars are available with a click of the mouse. But such facts are presented only if they confirm what bill sponsors and legislative leadership already believe.

Discouraging words? Not permitted. If they were, someone would have at least mentioned a recent study conducted by the Arrowhead Center at New Mexico State University of that state's \$38 million film production rebate program. The state hosts 10 times as many films as a decade ago.

“For every one dollar in rebate, the state only received 14.44 cents in return,” the study concluded.

In an article on state film subsidies in *Governing Magazine*, an opponent of Michigan’s new 42 percent rebate noted the basic problem.

“As soon as one state outbids another, the film industry will be out of there in a nanosecond,” said Michigan state Sen. Nancy Cassis.

One study was mentioned in Monday’s hearing, however. Amy Dee, the executive director of the Washington Film Works, told lawmakers about another New Mexico study claiming subsidies are economic boons.

It claimed \$1.50 in benefits, including intangibles like improving the state’s image, for every dollar spent. That analysis, however, was commissioned by the state’s film office to contradict the New Mexico State study.

So whose job is it to present all information, not just confirming information? If there are paid lobbyists on both sides of an issue, conflicting points of view are available. But at times when the lobbies agree and when the political parties agree, as with the motion picture subsidy, the normal tension doesn’t exist. In those cases, it is up to nonpartisan legislative staff to fill the vacuum.

Unfortunately there is too much pressure from committee chairs and leadership to conform.

And even if staff members are so inclined, they are swamped with work. Every hour spent writing a bill report on letting dogs in bars or creating a state income tax that will never pass is one hour not available to analyze serious bills with serious consequences.

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